



Washington, D.C. 20505

11 NOV 1977

Honorable James T. McIntyre
Acting Director, Office of Management
and Budget
Executive Office of the President
Washington, D. C. 20503

Dear Mr. McIntyre:

At the conclusion of the meeting with you on 8 November 1977, you asked for comments on the proposal to provide an annuity computed on the basis of "final salary" or "high-one salary" for certain employees whose pay has been statutorily limited.

In submitting our comments, let me first say that we fully support the reasons set forth by Mr. Campbell in his letter of 22 September 1977 to Mr. Lance, which was distributed prior to our meeting with you.

With specific reference to the impact of the proposal on this Agency, there is little question that a number of our supergrade employees are remaining on duty for the purpose of improving their ultimate retirement annuity. Many of these employees could retire immediately, although we doubt that all would. To the extent that some should retire soon, the Agency's ability to promote mid- and high-level managers to positions of higher responsibility would be greatly enhanced. For some time our Director has expressed deep concern about the Agency's rate of promotions, which overall has fallen, and he is striving earnestly to ensure that deserving employees have the opportunity for advancement into these higher level positions. This is obviously made more difficult because of the understandable desire of supergrade employees to remain on duty in order to improve their retirement annuity.

The proposal would also restore to the Agency's top managers a degree of phased retirements of senior-level officers which would permit timely development and implementation of succession planning, development and advancement. Moreover, we believe that the proposal

would dilute the serious impact of a mass exodus of senior-level employees which might take place in February 1980 when the maximum annuity benefit of current salary levels has been achieved.

We have also a more immediate reason for supporting the proposal. As you know, our Director has ordered a reduction in the size of the Agency's Directorate of Operations. Affected are some supergrade-level employees who, for reasons beyond their control, will suffer interrupted employment. This will also deny them the opportunity to build their "high three" and their retirement annuities. The proposed legislation would serve to minimize greatly the hardship of these employees.

We recognize that there are some adverse implications to the proposal: On cost and for the reasons stated during your meeting, we would support either the one-time or two-time opportunity rather than open-ended legislation in view of the dramatic dollar savings that a limited opportunity achieves. Further, we acknowledge that the proposal might be viewed by the public, not close to the Washington area where the situation of supergrade employees is more fully understood, as preferential treatment, and that even though offered on a limited basis, a precedent will be established which could create pressures for similar action in future years.

We have considered seriously the risks and disadvantages of the proposal. When measured against the advantages -- in terms of our fundamental and significant managerial concerns -- our view is to support the proposal.

We urge, therefore, that favorable consideration be given. If, of course, some other means can be devised to achieve the same end; i.e., that of encouraging these employees to accelerate retirement, we would be pleased to comment on such proposals. We regret that we have no alternatives to submit.

Sincerely,

7/John F. Blake

John F. Blake
Acting Deputy Director

Dist:

- 0 - Add
- 1 - A/DDCI
- 1 - ER
- 1 - A/DDA
- 1 - Comptroller
- 1 - D/Pers Subject File
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Originator:

Acting Director of Personnel

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ROUTING AND RECORD SHEET

SUBJECT: (Optional)

H.R. 10691, the International Development Cooperation Act

STAT

FROM:			EXTENSION	NO.	DDA 78-0917/1
Assistant for Information, DDA 7D02, Hqs.				DATE	10 March 1978 78-0934
TO: (Officer designation, room number, and building)		DATE		COMMENTS (Number each comment to show from whom to whom. Draw a line across column after each comment.)	
		RECEIVED	FORWARDED		
1. Legislative Counsel				Attached is a copy of a recent letter to OMB on the subject of "high-one" computation of retirement annuities. It is accompanied by a note from [redacted] in which several useful suggestions are made. Although not sanguine about the outcome, we believe an attempt should be made to associate with the Foreign Service in its effort to obtain a "high-one" computation basis for annuities in accordance with Section 703(f) of the draft legislation.	
ATTN: [redacted]					
2. [redacted]					
3. [redacted]					
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Atts: a/s

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ROUTING AND RECORD SHEET

SUBJECT: (Optional)

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FROM:	EXTENSION	NO.	DATE	Comments (Number each comment to show from whom to whom. Draw a line across column after each comment.)	
				RECEIVED	FORWARDED
Acting Director of Personnel			7 MAR 1978	STAT	
TO: (Officer designation, room number, and building)	DATE			STAT	
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1. Assistant for Information, DDA	7 MAR 1978			STAT	
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Restricting ourselves to paragraph 3 of [redacted] letter. You will see from the attached letter dated 11 November 1977 that the Agency took a strong position in support of the effort at that time to get the "high one" basis for computing annuities. I believe you can use our position at that time to express our support to be included in the current AID effort to achieve this "high one" concept.

Since the AID bill would limit the proposal only to those participating in the Foreign Service Retirement Act, I don't see how we can broaden the concept to include all Agency employees, because to do so would require an amendment to the Civil Service Retirement Act. Consequently, OLC should indicate to OMB our fullest support for the AID legislative attempt and that OMB consider expanding that attempt to include the CIA Retirement and Disability System. In addition, OLC might test OMB to see if the Agency could be treated as a single unit for this purpose based on our belief that all Agency employees encounter similar characteristics of employment; i.e., security restraints, anonymity, etc. I doubt that such a view would prevail, but at the very least I would want CIARDS participants covered.